

The complaint

Ms B complains that Santander UK Plc blocked her account unnecessarily and delayed in allowing her access to it.

What happened

Ms B had a cash ISA with Santander. She has explained that she had agreed with a family member, who has a background in finance, that she would transfer £10,000 to him for investing in a different product.

Santander's limit for online transfers is £2,000, so Ms B planned to make five transfers. She was able to make two, but her attempt to make a third transfer triggered a security alert. Ms B's account was restricted while the bank investigated.

Ms B sought to reassure Santander that its concerns were unfounded. She had however changed her mind about the suitability for her of the proposed investment, so could not provide evidence that the funds had been invested. And she was unwilling to have the money transferred back to her account with Santander, since she was by this stage planning to close her account.

In the event, Ms B had her funds transferred to an account with a different provider, and Santander, on receipt of evidence of that, lifted the restrictions on her account. Ms B closed the account just under a month after the restrictions were placed on it.

Santander said that it had acted correctly in querying the payments and restricting Ms B's account while it investigated. It acknowledged however that its service had not been as good as it could have been and paid Ms B £100 in recognition of that.

Ms B did not think that went far enough and referred the matter to this service. Our investigator indicated that she thought a payment of a further £50 would be appropriate. Santander accepted that recommendation, but Ms B said she thought a total of £500 would be fair compensation. The case was passed to me for further consideration.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

First, I can understand why Santander's systems triggered an alert when Ms B tried to make multiple payments to the same (new) payee on the same day. It was reasonable for it to seek further information from Ms B and to restrict her account while it did so.

I accept that Santander needed to challenge what Ms B told it about her reasons for making the transfers. Had it not done so, there was a risk that it would have been liable for any losses if in fact Ms B had been the victim of a scam. But I think in some areas the bank's challenges were a little more aggressive than they needed to be. Ms B should receive some compensation for that.

Putting things right

Santander has already paid Ms B £100 and agreed to the investigator's recommendation that it pay a further £50. I think that the overall figure of £150 is fair in the circumstances. I will make a formal award for the balance of £50 which has not already been paid, so that Ms B can enforce it, should that be necessary.

My final decision

For these reasons, my final decision is that, to resolve Ms B's complaint in full, Santander UK Plc should pay her a further £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 September 2024.

Mike Ingram
Ombudsman